



PLUMAS-SIERRA RURAL ELECTRIC COOPERATIVE

73233 STATE ROUTE 70, SUITE A • PORTOLA, CA. 96122-7064
(800) 555-2207 • (530) 832-4261 • FAX (530) 832-5761
Susanville Branch Office • (530) 251-5338 • FAX (530) 251-5346

December 31, 2003

Mr. Tom Carter
Operations Manager
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, California 95630-4710



Dear Mr. Carter:

On behalf of the Plumas-Sierra Rural Electric Cooperative I am submitting comments in response to the Western Area Power Administration (Western) Federal Register Notice (December 2, 2003; FR Doc. 03-29984) Operational Alternatives for Post 2004 Operations.

The Plumas-Sierra Rural Electric Cooperative (Plumas-Sierra) is a preference customer of Western and relies on Western to provide reliable firm service at reasonable rates. We have closely monitored and participated in the efforts of Western to evaluate post 2004 Operational Alternatives. Plumas-Sierra has reviewed the Western proposed decision and offers the following comments for your consideration.

Generally Plumas-Sierra supports the decision by Western to reject or not adopt the PTO, MSS or No Action Alternatives. However, we cannot agree with some of the conclusions by Western as to whether these alternatives meet the Western criteria for evaluating the alternatives. We believe that the PTO option does not meet the criteria for durability, cost effectiveness and flexibility. In addition, we also disagree that the MSS option meets or almost meets the Western criteria. Our experience with the California ISO does not support the conclusion that they will meet the criteria as stated by Western.

Plumas-Sierra can support the Western recommended decision under certain limited conditions. However, it is important that as part of the implementation of their recommended alternative that Western not automatically abandon its efforts to pursue a separate Federal Control Area. In order for the contract based sub control area to meet the needs of Western customers it must include certain elements.

"Owned by those we serve"

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The key elements are:


- Firm, physical transmission rights for Western to serve its customers,
- Operational arrangements which provide stable, cost effective service,
- Operational arrangements which are open, balanced and representative of all Western customers
- Costs and benefits of the subcontrol area must be equitably allocated to Western customers,
- The contractual arrangements must explicitly allow Western to honor its contractual commitments and not be subject to unilateral changes or modification

From our perspective these principals and others raised by NCPA, TANC and their members are critical to the development of a subcontrol area agreement that will meet the needs of Western customers. An important step in the process of developing the preferred operational alternative should be the development of a customer involvement forum to allow customer input and guidance from key customer interests and groups throughout the process. While customer involvement may be viewed as a cumbersome element of the process it is important to the long term viability and stability of the final arrangements and therefore should be incorporated into the negotiation and development process.

In addition to our comments and concerns with respect to the subcontrol area alternative we also recommend that Western continue its efforts to form a Federal Control Area. Given the uncertainty associated with the negotiation of a subcontrol area contract or agreement it is important that Western maintain a parallel effort to implement a Federal Control Area. This parallel effort need not affect the efforts to pursue the subcontrol area contract or agreement but will provide a backstop or fall back plan for Western should the preferred alternative not prove successful.

Thank you for this opportunity to comment on the Western recommended Post 2004 operational alternative. Please consider our comments carefully and if you have any questions or comments please contact me.

Sincerely,


Bob Marshall
General Manager
Plumas-Sierra Rural Electric Cooperative